

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA
UNSTARRED QUESTION NO. 2086**

ANSWERED ON TUESDAY, THE 01ST JANUARY, 2019

OPERATIONALISATION OF NFRA

QUESTION

2086. SHRIMATI WANSUK SYIEM:

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the much-awaited National Financial Reporting Authority (NFRA) set up to regulate the audit profession has become operational;
- (b) whether apart from having regulatory oversight on auditors and audit firms conducting audit of large corporates/entities, the new body will also monitor and enforce compliance with mandated accounting and audit standards; and
- (c) whether the rules of NFRA provide for a detailed procedure on all disciplinary proceedings with a mandated time-bound disposal (90 days) of the show-cause notice through a summary procedure?

ANSWER

MINISTER OF STATE FOR LAW AND JUSTICE
AND CORPORATE AFFAIRS

(SHRI P. P. CHAUDHARY)

(a) to (c):- The National Financial Reporting Authority (NFRA) has been constituted vide notification no. S.O. 5099(E) dated 01.10.2018. Section 132(2) of the Companies Act, 2013 read with Rule 4 of National Financial Reporting Authority (NFRA) Rules 2018, provides for the functions of NFRA, which, inter-alia, states that NFRA shall monitor and enforce compliance with accounting standards and auditing standards in respect of certain large companies/bodies corporate specified in Rule 3 of said Rules. Further, Rule 11(5) of the said rules, inter alia, provides that NFRA shall dispose of the show-cause notice within a period of ninety days of the assignment through a summary procedure as may be specified by it.
